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Secretary Shultz

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Continent at the Crossroads: An Agenda for African Development

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Following is an address by Secretary Shultz before the UN General Assembly Special Session on the Critical Economic Situation in Africa, New York City, May 28, 1986.

This special UN session could—and we hope will—mark a historic turning point for the African Continent. We meet in a year when the world is still anguished with the terrible images of famine and starvation that scarred so much of Africa during the last 2 years. With an extraordinary outpouring of support, people from across the globe rallied to Africa's side and saved millions of lives.

Today, we are gathered here to address a more fundamental and enduring task: the requirements of long-term development for Africa. The United States comes to this special session with hope. We salute the work of the Organization of African Unity (OAU) at its heads of state meeting in 1985 for the new directions which the African nations have pledged for themselves. And we welcome this session of the General Assembly as a way of translating their pledge into action.

Our search for solutions to the problems of development is one of the forces that brings us together today; but it is not the only force. We are united, too, by respect and admiration for the dignity of the African peoples in the face of shared hardships. Thirty years ago, the United Nations joined in support as Africans fought for freedom from colonial rule. Today, we come together to seek Africa's liberation from other ills: disease, chronic poverty, and hunger.

The United States has consistently sought a constructive role in Africa's struggles. We have provided unprecedented levels of foreign assistance. During this Administration, aid to Africa has increased by over 50%. Current levels of aid are four times those of the early 1970s. In the last 3 years alone, we have provided $2.4 billion in food and emergency assistance.

Learning from the Past

Effective partnership requires a shared understanding of past mistakes and present goals. This special session holds unique promise because we seem to be closer than ever to reaching such understanding. We have learned a great deal together about what does and doesn't work. We have seen how now-discredited orthodoxies about state-directed development gave rise to misguided policies that stifled individual initiative—policies that in practice have given inadequate incentives to African farmers and created a long-term decline in food production.

Today, as a result, millions of Africa's people depend on food imports for their very survival. The burden of foreign debt, which in sub-Saharan Africa rose by an annual average of 21% throughout the 1970s, has reached crisis proportions. Measures of standard economic performance reveal that economic conditions on the continent as a whole are no better, and perhaps worse, than they were some 25 years ago—all this despite massive injections of foreign aid.

The purpose of this special session is to chart a course that will reverse these trends. In the words of the OAU preparatory document for this session, our task requires "that the African countries should adopt fundamental changes in their development priorities and policies," you said. And I think we can agree that successful development in any nation—in Africa as anywhere else—lies, most fundamentally, in the expansion of individual human opportunity.

Even modest advances in material well-being can accelerate development. With rising income, a farmer is able to save and provide some economic insurance to his family against natural misfortunes such as drought. With rising income, a small businessman may be able to send another child to school, increasing the promise of his family's future. In *any* walk of life, people freed from dire deprivation are better able to seize the opportunities before them.

The United States firmly believes that our own development experience is a useful guide to productive economic policies. What is the most fundamental lesson of that experience? *That the talents of individual human beings are the greatest resource a society can bring to the tasks of national development.* America has seen this truth at work in its agricultural era, in its industrial phase, and in its postindustrial develop-

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ment. And we have seen our dedication to that truth translated throughout our society into better opportunities for succeeding generations.

And our experience is hardly the only example of this truth. Today, many countries are reawakening to the fundamental connection between individual initiative and economic progress. In East Asia, the liberation of the individual talent from state-imposed economic direction has produced in recent years nothing less than an economic miracle among developing nations. Their experience confirms that there is nothing culture-bound about the creation of material well-being. Even communist nations are awakening to the fact that individual initiative, not state direction, is the source of growth. China's unprecedented experiment with unleashing individual incentives has been remarkably successful in recent years; and we note that the Soviet Union, in its 27th Party Congress, called for less emphasis on central planning and more on individual initiative.

Many African nations, too, have undertaken bold reforms in economic policy. Across the continent, major programs are under way to stimulate growth. In Senegal, Zambia, Guinea, Zaire, Somalia, the Central African Republic, Mali, Rwanda, Togo, and Madagascar, exciting changes are taking place as leaders seek to stimulate economic growth. These leaders are recognizing, as the OAU declared last July, that "the primacy accorded the state has hindered rather than furthered economic development." Agricultural pricing is being reformed to give farmers a fair and profitable return on their output. Private marketing channels are being revived to bring food to the cities and consumer goods to the countryside. Exchange systems are being revamped to reflect market value and to permit allocation of scarce resources to the most productive sectors.

These are historic changes, and they point to a new generation of African progress. The United States is supporting this trend through bilateral and multilateral programs. This special session provides an opportunity for all of Africa to join in what is a worldwide movement by rejecting failed orthodoxies and giving greater scope to individual initiative.

The Requirements of Partnership

Our agreement on the simple truth of the critical role of the individual in development is the cornerstone of the new partnership emphasized by this special session. But the tasks of economic liberation do not fall to individual Africans, their governments, or to foreign donor countries alone. We must search together for policies that will work across the full range of our partnership, as the following examples suggest.

Donor countries must design assistance programs that increase self-reliance and discourage dependency. Some of our assistance has been counterproductive, contributing to stagnating public sectors rather than to vital private enterprise. As a result, we are starting to shift more assistance from public to private entities. Two years ago, through the economic policy reform program, we began using our foreign aid resources to give incentives and support to countries that had undertaken such internal reforms. In 1985, under this program, we gave $75 million to five African countries—Malawi, Mali, Mauritius, Rwanda, and Zambia. This year we are engaged in discussions with four other African countries which may join our program. We can do more for Africans who are trying to reform their economies, and we will.

African and donor nations alike must work together to create conditions favorable to investment. The continent's natural resources offer great promise. Africa has some 220 million hectares of arable land. Only half of these have ever been cultivated. Only 3% of its hydroelectric power has been harnessed. And the continent is rich in the vast amounts of fresh water needed to bring growth to barren fields.

But these resources cannot be put to work without investment; and investment requires confidence. Political stability creates the conditions for economic advance, not vice versa. If countries want to attract foreign and domestic capital, they must begin by recognizing the imperative of creating an environment of confidence. Here, too, the United States can help, through diplomatic and other assistance aimed at securing individual rights, social justice, and political stability. And I might say that a system of apartheid, and the cross-border violence that seems to go with it, destroys confidence and is antithetical to the kind of investment climate we are seeking to set up, let alone unacceptable in its own right.

We must keep trade opportunities open. The United States has taken a series of steps to maintain free and fair trade. In the new GATT [General Agreement on Tariffs and Trade] round of multilateral trade negotiations, we will be seeking to liberalize trade for the benefit of all countries. African countries should note that our generalized system of preferences program emphasizes benefits for the less advantaged nations. For their part, Africans must guard against protectionist policies that discourage broader trade on the continent and elsewhere.

Assistance must come not only from individual donor states but also from the multilateral arena and, I might say, from nongovernmental organizations (NGOs) as well. NGOs, so-called, have made, and continue to make, important contributions to the multilateralization of private resources and to the development of essential human resources. Africa remains the neediest continent. The United States, with its own budgetary concerns, cannot meet all the African requests for assistance. So we are exploring creative alternatives.

Last fall, we proposed a plan to the IMF [International Monetary Fund] and the World Bank which would substantially increase the flow of concessional resources to Africa and other least developed areas of the world. The IMF has adopted the Structural Adjustment Facility which should result in an increase of $1.5 billion in low interest loans for Africa in the next 5 years. We are currently engaged in negotiations with other donors on the eighth replenishment of the World Bank's International Development Association—IDA. The final decision on IDA VIII remains open. But the United States *does* want to secure a substantial, increased share of IDA for Africa. Together with the new IMF Structural Adjustment Facility, IDA VIII will provide a major source of support for the steps that African nations have agreed to in recent OAU documents and here at the special session.

Finally, we must develop production technologies appropriate to the African environment—especially in the critical area of agriculture. Agricultural production, the continent's onetime mainstay, has regressed drastically in the last 20 years. It is now 15 years since Dr. Norman Borlaug received the Nobel Peace Prize for his pioneering research that helped launch the green revolutions that started India and Mexico down the road to self-sufficiency in food grains. For years, many have tried to bring the same revolution to Africa—although, thus far, without success.

The good news is that this may be changing. We seem to be standing at the threshold of an agricultural revolu-

tion adapted to African conditions. Last year, an African geneticist by the name of Gebisa Ejeta—trained at Purdue University in the United States—spearheaded the successful effort to develop a new hybrid sorghum strain which is pest and drought resistant. This new strain has doubled the yield derived from local strains under normal weather conditions. These varieties contributed to Sudan's surplus this year. Improved maize varieties, combined with improved agricultural policies, contributed to grain surpluses in Kenya, Zimbabwe, and Malawi.

The United States is committed to supporting the development of agricultural technologies suited to Africa. We plan to give some $1 billion for agricultural research over the next 15 years. With our support, international agricultural research centers and a new umbrella organization, the Program for African Agricultural Research, are also leading an international effort to bring an agricultural explosion to the continent.

Toward a New Vision of Africa

As is demonstrated by the example of Gebisa Ejeta, the resolution of Africa's economic crisis lies in the liberation of its peoples from policies that have stifled innovation and led the nations of the continent into their present difficulties.

In the years since independence, African and donor nations alike have learned a great deal about our respective roles in promoting development. Africans have learned that responsibility for their economic well-being rests squarely with themselves. The United States and other donor countries have had to learn another hard truth: that well-intentioned programs can produce dependency rather than self-sufficiency, economic stagnation rather than self-sustaining growth.

And we have all learned another sobering truth: flawed governmental policies can hurt economies just as surely as the natural calamities that have afflicted Africa. No amount of foreign assistance, and no measure of good intentions, can alleviate the hardship caused by a government bent on misguided policies.

But we know, too, that if inappropriate policies have created many of Africa's problems, then appropriate new policies will help to ameliorate them. This special session confirms our partnership in the search for workable approaches to long-term development on the continent. As our work unfolds in the coming days, we can take heart not only from our converging views but also from the fact that some global economic trends are now turning in Africa's favor.

The economic recovery of the industrialized nations over the past few years is giving a much-needed expansion to markets for exports from the developing world. Africa, located close to the major markets of Europe, is well-positioned to profit from this growth. Meanwhile, the decline in world oil prices—the equivalent of a tax cut for most of the world—should stimulate economic activity through much of the continent. Most African nations should also benefit from the drop in interest rates and the readjustment of other currencies against the U.S. dollar—the currency in which most African debts are denominated.

African leaders and donor nations alike face many obstacles in our work to brighten the continent's future. But we are engaged in that struggle together. Today, as leaders throughout the continent reexamine the foundations of economic growth and seek new promise for Africa, we must all ensure that our efforts will fulfill the needs of coming generations. The peoples of Africa, and their many friends throughout the world, await with hope our actions at this historic conference. Let our efforts be worthy of their aspirations.■

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